

CHAPTER NO. 1004

HOUSE BILL NO. 2523

By Representatives Kisber, Rhinehart

Substituted for: Senate Bill No. 2800

By Senator Rochelle

AN ACT to amend the Revenue Bond Law and the Local Government Public Obligations Act of 1986 to permit the financing of certain telecommunications facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-34-104, is amended by adding the following language as a new, appropriately numbered paragraph:

() Any municipality authorized by Title 7, Chapter 52, Part 4, to provide any of the services described therein shall have the power and is hereby authorized to borrow money, contract debts and issue its bonds or notes pursuant to the terms of this subsection to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of a system or systems, or any part thereof, to provide any of such services, including the acquisition of land or rights in land and the acquisition and installation of all equipment necessarily incident to the provision of such services, provided that:

(a) Notwithstanding any provision of law to the contrary, such services shall not constitute "public works" as that term is defined in §7-34-102;

(b) For regulatory purposes, a municipality issuing bonds or notes for the purposes set forth in this paragraph shall allocate to the costs of providing any of the services authorized by §7-52-401 payments of principal of, interest on and amortized costs incurred in connection with the issuance of said bonds or notes; provided, however, if any of said bonds or notes shall be issued in such a way that interest thereon is excludable from gross income for federal income tax purposes, the municipality shall allocate to costs, in lieu of the actual interest being paid on said bonds or notes, an amount equal to interest which would be payable on the bonds or notes if the bonds or notes were bearing interest at rates equal to the average of the most recently published Moody's Long-Term Corporate Bond Yield Averages and Intermediate Corporate Bond Yield Averages for Aaa Public Utilities;

(c) Nothing in this subsection shall be read to diminish or alter the jurisdiction of the Tennessee Regulatory Authority over municipalities that provide any of the services described in Title 7, Chapter 52, Part 4;

(d) To the extent that they do not conflict with subsections (a), (b), or (c) above, the provisions of this chapter relating to the authorization, issuance and sale of bonds or notes, the use and application of revenues of the system or systems being financed, powers to secure said bonds and notes, covenants and remedies for the benefit of bond or note holders with respect to said bonds or notes, validity with

respect to said bonds or notes, and powers to refund and refinance said bonds or notes shall apply to any bonds or notes issued for the purposes described in this subsection and the system or systems financed thereby;

(e) Section 7-52-402 shall apply to the use and application of revenues authorized and permitted by this section.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May1, 1998




JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 18th day of May 1998



DON LINDQUIST, GOVERNOR